



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
440 West 200 South, Suite 500
Salt Lake City, UT 84101
<http://www.blm.gov/ut/st/en.html>



Land
10/16/14
MC
10/17/2014
BH/10/

IN REPLY REFER TO:
3160 -UTU80000X
(UT922000)

OCT 22 2014

CERTIFIED MAIL - 91 7199 9991 7033 9329 1603
Return Receipt Requested

Ms. Laurie Tur
Fidelity E&P Company
1801 California Street, Suite 2500
Denver, Colorado 80202

Re: Non-Paying Well Determination
Cane Creek 7-1-26-20 Well
Cane Creek Unit
Grand and San Juan Counties, Utah

Dear Ms. Tur:

Pursuant to your request dated September 26, 2014, received October 14, 2014, it has been determined by this office that under existing conditions the following well is not capable of producing unitized substances in paying quantities as defined in Section 9 of the unit agreement:

API Number	Well Name	Surface	Location	Comp. Date
4301850010	CCU 7-1-26-20	NE $\frac{1}{4}$ NE $\frac{1}{4}$	Section 7 T26S R20E SLB&M	2/22/2014

The Cane Creek Unit 7-1-26-20 was drilled as a horizontal completion. The surface location for this well is located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 7, Township 26 South, Range 20 East, SLB&M on federal lease UTU53626. The terminus of the horizontal is located in lot 9 of Section 6, Township 26 South, Range 20 East, SLB&M on federal lease UTU64821.

The horizontal lateral transverses and produces from federal leases UTU53626 and UTU64821.

In order to allocate production from the well to both federal leases you must do one of the following:

1. Isolate and measure the production from each lease independently;

EXHIBIT Q

2. Acquire commingling approval from our Moab Field Office;
3. Submit an appropriate Communitization Agreement after the horizontal lateral has been spaced by the Utah Board of Oil, Gas and Mining; or
4. Include the lands in an appropriate Participating Area after receiving preliminary approval from our office that such lands are necessary for unit purposes.

Within 60 days of receipt of this notice please indicate to this office your preferred method for resolution.

If you have any questions, please contact Mickey Coulthard of this office at (801)-539-4042.

Sincerely,

/S/ Becky J. Hammond

Roger L. Bankert
Chief, Branch of Minerals

cc: BLM Field Office Manager – Moab (UTY01)
ONRR
SITLA
Division of Oil, Gas and Mining

bc: Cane Creek Unit File
UT950 Central Files
UT920 Reading File
Agr. Sec. Chron.
Tickler (November 2014)

MCoulthard:mc:10-16-14